Digital Transformation – Event Summary

Public Chairs' Forum seminar in partnership with the National Audit Office

24 May 2018

On 24 May, the PCF was delighted to welcome Max Tse, Executive Leader for Digital Transformation at the National Audit Office to host a roundtable discussion with members. It was an opportunity to discuss the role of Chairs in overseeing the delivery and monitor the risk involved in digital transformation programmes. Joining Max on the panel was Oliver Morley CBE, former CEO of DVLA and current CEO of the Pensions Protection Fund, Charlie Ewen, Chief Information Officer and IT Director at the Met Office and Christopher Rodrigues CBE, Chair of the British Council, who shared their experiences of delivering digital transformationn at their respective levels of the organisation.

The seminar began with all attendees briefly outlining their involvement in digital transformation programmes, ranging from small immediate IT reforms to more demanding and ambitious organisational changes spanning the next 10-15 years. The breadth of knowledge and experience was striking around the table, however regardless of the scale of the project there were many common themes and challenges to emerge.

Max reflected on the fact that within his time at the NAO he had seen a number of projects face implementation difficulties, due to, for example, over-optimistic timescales, and issues regarding budgeting and finance processes in the public sector. Therefore, drawing on their expertise in good governance, accountability and digital transformation, the NAO have produced a new transformation guide for audit committees. This aims to support arm's-length bodies, (ALBs), and provoke the right questions from the board across the whole lifecycle of the transformation - from set up, programme delivery and implementation, live running, and the appropriate use of data throughout. Max also highlighted another useful tool for Chairs; the Infrastructure and Projects Authority's 7 lenses of transformation guide which draws on best practice across government at programme assurance level. The audience welcomed these tools to assist them in their organisations.

The panellists were then invited to give their views on how to successfully approach digital transformation. Christopher began by sharing his view from the perspective of the Chair. Firstly, he stressed that transformation is not about solely digitising operations, but re-imagining the organisation's customer offer, built around the public body's core competencies in a digital world. It is often a difficult subject for boards because it crosses between strategy, technology and execution but it is essential the board takes on the responsibility because otherwise the ambitions of the organisation might be too low. Often in the public sector, digitisation involves transforming existing services, rather than inventing new ones – something all attendees agreed was more challenging. ALBs must therefore have a flexible operating model and be ready to respond to changes in the industry. Whether the individual is the Chair of a large or small body is largely irrelevant – the board must be clear about the future operating model, the necessary behavioural changes, staff and skills needed, to then work out the technology platform solution. The board must also think about how they can develop their transformation plans in collaboration with users and delivery agents. The key question for Chairs is how best to harness the board to develop strategy with the management and then hold them to account. Given that boards meet infrequently, Christopher advocated the use of specialist sub-committees to speed up decision-making processes.

Oliver Morley then shared his experiences as a chief executive. Reflecting on his time at DVLA where he achieved about £200 million of efficiency savings, Oliver had three key lessons for Chairs. Firstly, to set a clear vision, understanding the customers and not revert to 'digital by-default', appreciating what is achievable in the political context and remain focused on the core strategy. Secondly, the organisation must be aware of the expected length of the transformation and how it links with the long-term organisational strategy. Oliver also felt that simplicity in scope is key to any transformation - it is the role of the executive team to ensure that projects are separated into manageable components. Lastly, Oliver stressed the importance of agile governance. Jointly, the Chair and the CEO need to ensure they have the requisite people in place to deliver in an agile environment across all levels of the organisation, not just IT teams, but also in areas such as finance and human resources. The Chief Information and Technology Officers should be in regular contact with the fellow team members and the board. Oliver suggested that the board have a specific advisor for the transformation projects. He emphasised that the board's role is to act as the 'decision-making factory' and therefore it must be constantly reviewing the transformation across its whole lifecycle and reflecting on how it can be improved.

Coming from the perspective of a Chief Information Officer, Charles then offered his view on how Chairs should approach transformation. The Met Office operates a huge digital landscape, including satellite systems and enterprise IT. For this organisation, transformation is usually driven by technological advancements, reviewed every five years, but it is quickly realising the need to respond more quickly. Charles reiterated the benefits of subcommittees to access specialist expertise and deal with specific transformation issues at pace. He also highlighted the importance of having a mutual development strategy between the board and the IT experts; the former being unable to set the vision without the knowledge of what the technology can achieve. It can be a challenge for board to implement strong governance structures when delivering transformation programmes, particularly as in a transformational climate it can be difficult to determine guarantees or return on investments. However, Charles argued that having target operating models, blueprints and roadmaps to progress and monitor the vision is essential.

Simplicity of approach and language is equally important. Charles explained that computer science can be broadly broken down into four areas; "computing things, putting things into short-term or long-term memory story and moving them around." The key for the board is to have the data available, take the leadership, set the vision, create the dialogue with the specialist engineers and regularly review whether the plan is progressive for the organisation. Governance must be an intrinsic part of leadership. Charles ended on the note that while all organsiations have IT specialists, all individuals to some extent engage with technology, therefore Chairs should not be intimidated by its prospects and if unclear on something, push for simplicity.

The discussion was then opened to the audience, which provided some invaluable lessons for Chairs:

- Transformation should be treated as an ongoing process, but it should be reviewed in line with business-as-usual delivery and growth. Although, it was noted not to isolate the transformation leader from the core staff and board as this may create organisational resistance to change.

- It was acknowledged that for smaller ALBs, sub-committees may not be necessary.

- Transformation should never be delegated to just one IT specialist leader. Effective transformation involves the whole organisation, including cultural and behavioural change of your staff. The board must think about who would be the most effective leader for the overall transformation programme not just the digital aspects.

- Human resource specialists are essential to bring into the programme and ensure the requisite skills and people are available to deliver the vision at the right point of the project.

- There is no 'digital transformation', only business transformation and then deciding what technology will support it.

- It can be difficult to quantify the level of risk involved in a project and the appropriate level of investment. Boards should be prepared to make decisions on projects that may not have a clear value-for-money case.

- The differences between the public sector and private sector were highlighted. ALBs do not have the same level of competitors to drive change, however they have other challenges such as media pressures and their involuntary customer-base means there is a need to provide multichannel services.

- On outsourcing, it was noted that risk management is where the investment should be, creating an evolutionary model and building in the points in time with the partner when changes could be made into the contract. Boards should seek legal advice and embed a business analyst into the contracting process.

- Boards have limited time to interrogate issues but it is the Chair's responsibility to work with the executive team to make sure the discussions at board level are relevant and constructive. The board must share the problems, attach a financial value to risk, have milestones to review progress and be prepared to recognise failure and terminate projects when appropriate. Cultural transparency is important and Oliver also recommended that boards articulate a clear process to the executives to escalate risk.

In summary, the key take-away for Chairs at the seminar was that at the heart of the transformation process is effective governance. The board has a responsibility to prioritise the workload, avoid distractions, understand the capabilities and provide the necessary challenge throughout the transformation.